

Division of Securities  
Utah Department of Commerce  
160 East 300 South  
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Salt Lake City, UT 84114-6760  
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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

**DONALD WESLEY DENNETT**

**Respondent.**

**STIPULATION AND CONSENT  
ORDER**

**Docket no. SD-03-0080**

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The Utah Division of Securities, (Division), by and through its Director of Enforcement, Michael Hines, and Donald Wesley Dennett (Dennett or Respondent) hereby stipulate and agree as follows:

1. Respondent was the subject of an investigation conducted by the Division into allegations that Respondent violated certain provisions of the Utah Uniform Securities Act (Act), Utah Code Ann. § 61-1-1, et seq, as amended.
2. In connection with that investigation, on December 15, 2003, the Division issued an Order to Show Cause to Respondent.

3. On February 3, 2005, the Division entered a Default Order against Dennett for failure to reply to the Order to Show Cause, which included a fine of \$5,000.
4. Respondent and the Division have agreed to settle this matter by way of this Stipulation and Consent Order.
5. Respondent admits the jurisdiction of the Division over Respondent and over the subject matter of this action.
6. Respondent waives any right to a hearing to challenge the Division's evidence and present evidence on Respondent's behalf.
7. From September to December 2003, the Division conducted an investigation into this matter that revealed the following:
  - a. Dennett's address is 736 Zion Park Boulevard in Springdale, Utah.
  - b. At all times relevant to this action, Dennett was an agent of Resort Holdings International, Inc. (Resort Holdings).
  - c. Resort Holdings is a Nevada corporation incorporated on July 16, 1999. Michael E. Kelly is the President, Secretary and Treasurer of Resort Holdings. Resort Holdings was formerly known as Yucatan Resorts.
  - d. On information and belief, Resort Holdings has the exclusive right to market a "universal lease" investment for Yucatan Resorts to individuals in the United States.
  - e. On September 23, 2003, an advertisement appeared in The Spectrum, a newspaper of general circulation in Southern Utah, which stated, in part, "Get 9%

Guaranteed on Return.” The advertisement said to contact Don Dennett and gave a local telephone number of 772-7602.

- f. On September 24, 2003, an investigator for the Division, posing as a potential investor, called the telephone number on the advertisement and spoke to a man who identified himself as Don Dennett. On November 28, 2003, two investigators for the Division met with Dennett in Salt Lake City.
- g. At the November 28, 2003 meeting, Dennett offered the investigators an investment opportunity in Resort Holdings. Dennett said the investment was a “universal lease” program in which investors would receive a lease agreement for a hotel room in either the Caribbean or Mexico. Dennett said an investor could not choose the hotel room, but that rooms would be assigned to the investor.
- h. Dennett said the “universal lease” allowed an investor to use the room, but that the investor could also either rent the room or retain a third party called Majestic Travel to rent the room for the investor. Dennett said the investor did not play an active role in the investment and that the investor’s role would be passive.
- i. Dennett also said the investor did not pay taxes, insurance, maintenance fees or other costs associated with the rooms.
- j. Dennett said he was being paid a commission for selling the investment opportunity in Resort Holdings and the commission was being paid from the withdrawal penalty.

- k. Dennett said the investment could be made with qualified money through an IRA or other retirement funds. Dennett said non-qualified funds would be sent to Resort Holdings while qualified funds would be sent to Majestic Travel. Dennett said Majestic Travel also provided all accounting for the investment.
- l. In connection with the offer of the investment opportunity, Dennett made the following misrepresentations:
  - i. That the minimum investment was \$5,000 and that an investment paid a guaranteed return of 9% per year for 25 years;
  - ii. That the investor would receive the return regardless of whether the assigned rooms were rented;
  - iii. That the investment was liquid and the investor could receive his or her money back within thirty (30) days;
  - iv. That Resort Holdings would repurchase the lease or cash out the investor at anytime the investor requested; and
  - v. That the investment had been approved to sell in 48 states, including Utah, and the investment was not considered a security.
- m. Further investigation revealed that the following states have taken action against Resort Holdings, Yucatan, Michael Kelly and other related individuals and entities, none of which were mentioned to the Division investigators at the November 28, 2003 meeting:

- i. On May 18, 1999, the New Mexico Division of Securities issued an administrative order against Yucatan Investment Corporation for the sale of unregistered, non-exempt securities in the form of nine month notes by unlicensed agents;
- ii. On July 26, 1999, the South Carolina Securities Division issued an administrative order against Yucatan for the offer or sale of unregistered, non-exempt securities in the form of nine-month notes by unlicensed agents;
- iii. On November 7, 2000, the Connecticut Department of Banking issued an Order to Cease and Desist and issued a Permanent Order on December 21, 2000 against Yucatan Investment Corp;
- iv. On October 28, 2002, the Pennsylvania Securities Commission issued a Summary Order to Cease and Desist against Yucatan Resorts, Rodney Hinkle and others. Pennsylvania alleged unregistered securities, unregistered agent and fraud;
- v. On April 4, 2003, The Wisconsin Division of Securities issued an Order of Prohibition against Yucatan Resorts and Michael E. Kelly. Wisconsin alleged the offer or sale of unregistered securities, unlicensed agent and employing an unlicensed agent;
- vi. On May 20, 2003, the Arizona Corporation Commission issued a Temporary Order to Cease and Desist and Notice of Opportunity for

Hearing against Yucatan Resorts, Resort Holdings International, World Phantasy Tours, Majesty Travel, Michael E. Kelly and others. Arizona alleged the offer or sale of an unregistered security, transactions by unregistered dealers or salesmen and fraud.

- n. The “universal leases” offered by Dennett are not registered with the Division, not federal covered securities for which a notice filing has been made, nor do they appear to qualify for an exemption under Section 61-1-14 of the Act.
  - o. A search of the Division’s records and the records of the National Association of securities Dealers’ Central Registration Depository reveals that Dennett was not, and never had been, registered to sell securities in Utah.
7. Based on the Division’s investigative findings, the Division concludes that:
- a. The “universal lease” offered by Dennett falls within the definition of a security under § 61-1-13(1)(x)(i)(K) (investment contract) of the Act; and
  - b. Dennett violated the Act by making misrepresentations and omissions of material fact in connection with the offer of a security. The Division also concludes that Dennett violated the Act by selling an unregistered security in Utah without a license.
8. Dennett admits the substance of the Division’s investigative conclusions and consents to the Division entering an Order:
- a. Requiring that Donald Wesley Dennett permanently cease and desist from engaging in any further conduct in violation of the Utah Securities Act;

- b. Requiring that Donald Wesley Dennett pay a reduced fine of one-thousand dollars (\$1,000) to the Division of Securities by Friday, November 18, 2005. As part of this Stipulation, the Division has agreed to waive \$4,000 of the previously entered fine; and
  - c. Requiring that upon payment of the fine to the Division, the Division file a motion to set-aside the Default Order against Donald Wesley Dennett.
- 9. Dennett acknowledges that this Stipulation and Consent Order, upon approval by the Division Director, shall be the final compromise and settlement of this matter. Dennett further acknowledges that if the Division Director does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.
- 10. Dennett acknowledges that the Order does not affect any civil or criminal causes of action that third parties potentially might have against Dennett arising in whole or in part from Dennett's actions.
- 11. This Stipulation constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Stipulation in any way.
- 12. Violation of the Order accompanying this Stipulation constitutes a third degree felony pursuant to § 61-1-21(1) of the Act.
- 13. Dennett has read this Stipulation, understand its contents, and enter into this Stipulation voluntarily. No promises or threats have been made by the Division, nor by any member,

officer, agent, or representative of the Division, other than as contained herein, to induce

Dennett to enter into this Stipulation.

Utah Division of Securities

Date: Nov 25, 05

By: [Signature]  
Michael Hines  
Director of Enforcement

Respondent

Date: 11/10/05

By: [Signature]  
Donald Wesley Dennett

Approved:

[Signature]  
Jeff Buckner  
Assistant Attorney General



**ORDER**

Pursuant to the terms of the Stipulation defined above, the Director of the Utah Division of Securities hereby orders that:

1. Donald Wesley Dennett cease and desist from engaging in any further conduct in violation of the Utah Securities Act;
2. Donald Wesley Dennett pay a reduced fine of one-thousand dollars (\$1,000) to the Division no later than Friday, November 18, 2005; and
3. This Order supercedes and replaces the Default Order entered against Donald Wesley Dennett on February 3, 2005.

DATED this 7<sup>th</sup> day of December, 2005.


  
WAYNE KLEIN

Director, Utah Division of Securities

**CERTIFICATE OF MAILING**

I hereby certify that on the 8th day of December 2005, I mailed,  
regular mail, a copy of the foregoing Stipulation and Consent Order to:

Donald Dennett  
736 Zion Park Boulevard  
Springdale, UT 84767

  
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Executive Secretary